

Tobacco industry still prospers; leader PM's prospects excellent

The anti-smoking movement in the U.S. met with unprecedented success in the decade just past, so the "dread" tobacco industry is on the run, right? Wrong. Though the fact infuriates the anti-smoking forces, the tobacco industry also prospered in the 1980s.

"Despite long-term concerns about cigarette consumption trends, excise tax increases and litigation developments, cigarette stocks since 1981 have outperformed the Standard & Poor's 500-stock index in every year but one [1985]," said Dean Witter Reynolds analyst Lawrence Adelman.

U.S. tobacco exports exploded in the mid-1980s. They leaped 25 percent last year and are up again, to \$1.8 billion in the first five months of 1990. Even in Japan, a notoriously difficult market, U.S. tobacco products have 14 percent of the market, up from 3 percent just three years ago.

Philip Morris is the acknowledged leader of the tobacco pack, said Kurt Feurman, tobacco analyst with Morgan Stanley & Co. He projects Philip Morris' annual earnings growth of 20 to 25 percent for the next decade.

"The only way to stop the Philip Morris machine is to ban smoking and Washington gave up prohibition in the 1920s," said Prudential-Bache Securities' analyst John McMillan. *Chicago Tribune*

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